

Message Text

CONFIDENTIAL

PAGE 01 SAIGON 00820 01 OF 03 221407Z

42

ACTION EA-10

INFO OCT-01 AID-05 EB-07 PM-03 INR-07 IO-10 L-02 NSAE-00

NSC-05 PA-01 RSC-01 DPW-01 PRS-01 OMB-01 SS-15 SSO-00

INRE-00 ISO-00 /070 W

----- 123447

O R 221100Z JAN 75 ZFF4

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 2090

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMCONSUDHAAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

USDEL JEC PARIS

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA/ATCS-WL-DSA

CINCPAC/POLAD

CINCPACAF

CINCPACFLT

CINCUSARPAC

DEPCHIEF JUSMAAG UDORN

USDAO/SAIGON

AMEMBASSY LONDON

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY PHNOM PENH

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SAIGON 00820 01 OF 03 221407Z

AMEMBASSY STOCKHOLM

AMEMBASSY VIENTIANE
AMEMBASSY WARSAW
AMEMBASSY WELLINGTON
AMEMBASSY COTONOU

C O N F I D E N T I A L SECTION 1 OF 3 SAIGON 0820

DEPARTMENT PASS IMMEDIATE IBS/NCA

E.O. 11652: GDS
TAGS: PINR, PINS, PINT, VS
SUBJ: EMBASSY SAIGON'S MISSION WEEKLY JANUARY 16-22, 1974

WEEKA ITEMS

--THE MILITARY SITUATION

--PEOPLE'S REVOLUTIONARY FRONT (PRF) MAKES FORMAL DEBUT

--BINH TUY PROVINCE CHIEF REPLACED

--CAO DU RELIGIOUS SECT APPEALS FOR PEACE

--SENATE POSTPONE ACTION ON POLITICAL PARTIES BILL

--GOVERNMENT/PRESS CONTROVERSY REAPPEARS

--"PRG" OPENS OFFICE IN GENEVA

--GVN ISSUES FURTHER NOTE ON PHUOC LONG SITUATION

--GVN BREAKS DPLOMATIC RELATIONS WITH GABON

--ROC VICE PREMIER VISITS

--DR HAO TOURS BLACK MARKET

--TWO MORE FIRMS JOIN EXPORT PROCESSING ZONE (EPZ)

--FIRST EXCHANGE RATE MOVE OF 1975

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 SAIGON 00820 01 OF 03 221407Z

--PRICE STABLE

--GOLD PRICE DIP

I. INTERNAL

A. THE MILITARY SITUATION

ALTHOUGH ACTIVITY MODERATED THIS WEEK, WITH A TWENTY PERCENT DROP IN INCIDENTS, GVN FORCES SUFFERED A TWENTY-FIVE PERCENT INCREASE IN KIA ACCORDING TO INITIAL BATTLEFIELD REPORTS. RVNAF FORCES CONTINUE TO ACQUIT THEMSELVES GENERALLY WELL IN THE FACE OF CONTINUED COMMUNIST PROBING AND HARASSMENT ACROSS A BROAD SPECTRUM AND INTENSE PRESSURE IN A NUMBER OF INDIVIDUAL AREAS. IN ADDITION, THERE ARE INDICATIONS OF HEAVY FIGHTING AHEAD, WITH, FOR EXAMPLE, GVN FORCES IN THE TAY NINH AREA OF MR-3 EXPECTING A BIG COMMUNIST PUSH, AND INDICATIONS THAT THE COMMUNISTS MAY BE CLOSE TO MAJOR MILITARY OPERATIONS IN THE CENTRAL HIGHLANDS IN MR-2.

B. PEOPLE'S REVOLUTIONARY FRONT (PRF) MAKES FORMAL DEBUT

FR. TRAN HUU THANH, WHOSE ACTIVITIES DURING RECENT WEEKS HAVE BEEN SUBDUED, PARTICIPATED JAN 19 WITH AN QUANG VENERABLE PHAP TRI, LONGTIME HOA HAO POLITICIAN PHAN BA CAM, MILITANT LAWYERS BUI TUONG CHIEU AND HO TRI CHAU, AND OTHERS IN ATTEMPTING TO HOLD A RECEPTION TO MARK THE DEBUT OF THE PEOPLE'S REVOLUTIONARY FRONT TO STRUGGLE FOR PEACE (TRAN TUYEN NHAN DAN CACH MANG VA TRANH THU HOA BINH). POLICE, HOWEVER, CLOSED OFF THE STREET WHERE THE MEETING WAS TO TAKE PLACE, TLTHOUGH IT IS UNCLEAR FROM PRESS ACCOUNTS WHETHER THE MAIN PARTICIPANTS SUCCEEDED IN REACHING THEIR DESTINATION OR NOT. POLICE REPORTEDLY ACTED ON ORDERS FROM SAIGON MAYOR DO KIEN NHIEU PROHIBITING THE HOLDING OF SUCH A CEREMONY FOR "SECURITY REASONS".

A PRESS REPORT WRITTEN BEFORE THE PLANNED MEETING SAID THAT THE FRONT WOULD APPEAL TO PEACE-LOVING COUNTRIES, ESPECIALLY THE THIRTEEN SIGNATORIES OF THE PARIS AGREEMENT, OT URGE THE INVOLVED PARTIES TO COMPLY SERIOUSLY WITH THE ACCORDS SO AS TO RESTORE PEACE FOR THE VIETNAMESE PEOPLE
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 SAIGON 00820 01 OF 03 221407Z

(BUT THEP, JAN 20). THE ITEM ALSO SAID THE FRONT WOULD ISSUE AN APPEAL CALLING FOR AN IMMEDIATE TRUCE.

THE PRF SEEMS TO HAVE COME INTO BEING ON DEC 4 LAST, WHEN FR. THANH ANNOUNCED HIS INTENTION TO FORM A FRONT THAT WOULD ENCOMPASS VARIOUS RELIGIONS (SAIGON 15335). ONE REPORT AT THE TIME INDICATED THAT FR THANH WAS SEEKING THE PARTICIPATION OF A CATHOLIC BISHOP. THERE WERE NO NEW FACES, HOWEVER, AT THE FRONT'S OPENING THIS WEEK. WE ARE TOLD THAT PHAP TRI, WHO IS AN AN QUANG HIGH SECULAR COUNCIL (HSC) MEMBER, HAS JOINED THE NEW FRONT WITHOUT THE APPROVAL OF THE HSC, WHICH HOWEVER HAS NOT FORBIDDEN HIM TO PARTICIPATE AS A PRIVATE INDIVIDUAL.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 SAIGON 00820 02 OF 03 221404Z

42

ACTION EA-10

INFO OCT-01 AID-05 EB-07 PM-03 INR-07 IO-10 L-02 NSAE-00

NSC-05 PA-01 RSC-01 DPW-01 PRS-01 OMB-01 SS-15 SSO-00

INRE-00 ISO-00 /070 W

----- 123347

O R 221100Z JAN 75 ZFF4

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 2091

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

USDEL JEC PARIS

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA/ATCS-WL-DSA

CINCPAC/POLAD

CINCPACAF

CINCPACFLT

CINCUSARPAC

DEPCHIEF JUSMAAG UDORN

USDAO/SAIGON

AMEMBASSY LONDON

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY PHNOM PENH

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SAIGON 00820 02 OF 03 221404Z

AMEMBASSY STOCKHOLM
AMEMBASSY VIENTIANE
AMEMBASSY WARSAW
AMEMBASSY WELLINGTON
AMEMBASSY COTONOU

C O N F I D E N T I A L SECTION 2 OF 3 SAIGON 0820

DEPARTMENT PASS IMMEDIATE IBS/NCA

C. BINH TUY PROVINCE CHIEF REPLACED

COL TRAN BA THANH REPLACED LTC NGUYEN VAN SI AS BINH TUY PROVINCE CHIEF AT A CHANGE OF COMMAND CEREMONY ON JAN 13. ANNOUNCEMENT OF THE CHANGEOVER WAS NOT REPORTED IN THE SEMI-OFFICIAL VIETNAM PRESS, HOWEVER, UNTIL JAN 19. NO FUTURE ASSIGNMENT HAS BEEN ANNOUNCED FOR LTC SI WHO HAD BEEN IN BINH TUY SINCE FEB 7, 1974. HIS RELATIVELY SHORT TOUR IS PRESUMABLY ATTRIBUTABLE TO THE LOSS OF TANH LINH DISTRICT AND TO THE SERIOUS COMMUNIST THREAT WHICH HAS DEVELOPED IN HOAI DUC DISTRICT. COL THANH WAS FORMERLY COMMANDER OF THE 48TH REGT, 18TH ARVN DIVISION.

D. CAO DAI RELIGIOUS SECT APPEALS FOR PEACE

THE HOLY SEE OF THE CAO DAI RELIGIOUS SECT, LOCATED IN TAY NINH PROVINCE, THE SCENE OF MUCH RECENT FIGHTING, HAS SENT APPEALS FOR PEACE TO VARIOUS MEMBER GOVERNMENTS OF THE UNITED NATIONS, THE UN SECRETARY GENERAL, THE CHAIRMAN OF THE UN SECURITY COUNCIL AND THE CHAIRMAN OF THE ICCS.

ON JAN 16 CAO DAI LEADERS HELD A PRESS CONFERENCE IN SAIGON ANNOUNCING THAT A MESSAGE WAS PRESENTED TO PRIME MINISTER KHIEM IN WHICH THEY REQUESTED THAT THE HOLY SEE BE DECLARED A NEUTRAL SITE AND THAT IT BE THE LOCATION OF NEGOTIATIONS BETWEEN THE TWO PARTIES IN SOUTH VIETNAM. A SIMILAR MESSAGE WILL BE DELIVERED TO THE NLF "AT THE RIGHT MOMENT" ACCORDING TO A CAO DAI SPOKESMAN.

COMMENT: THE CAO DAI CHURCH HAS LONG ATTEMPTED TO AVOID TAKING A STAND ON POLITICAL ISSUES BETWEEN THE GVN AND THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 SAIGON 00820 02 OF 03 221404Z

COMMUNISTS AND THE CONCEPTS OF NEUTRALISM AND PEACEFUL COEXISTENCE WERE EXPOUNDED BY POPE PHAM CONG TAC AND THE "PROTECTOR OF THE RELIGION" HO TAN KHOA AS FAR BACK AS THE 1950'S.

E. SENATE POSTPONES ACTION ON POLITICAL PARTIES BILL

THERE HAS BEEN CONSIDERABLE SPECULATION IN THE PRESS REGARDING UPPER HOUSE ACTION ON THE POLITICAL PARTIES AND PRESS BILLS WHICH WERE ADOPTED BY THE LOWER HOUSE DURING THE PAST SESSION OF THE LEGISLATURE. A PLENARY SESSION OF THE SENATE ON JAN 20 WAS SCHEDULED TO TAKE ACTION ON A REPORT PREPARED BY THE INTERIOR-JUDICIARY JOINT COMMITTEE ON THE POLITICAL PARTIES BILL.

UPON REQUEST OF SENATORS TRAN MING TUNG, LEADER OF DEMOCRACY BLOC, AND HUYNH VAN CAO, LEADER OF UNITY BLOC, THE PLENARY SESSION WAS ADJOURNED UNTIL JAN 27. THESE TWO PRO-GOVERNMENT LEADERS HAD REQUESTED ADDITIONAL TIME TO REACH AGREEMENT AMONG THEIR MEMBERSHIP ON THE PROVISIONS OF THE BILL. THE EMBASSY HAS LEARNED THAT THERE IS A SPLIT AMONG PRO-GOVERNMENT SENATORS, SOME OF WHOM SUPPORT MORE FAR-REACHING CHANGES THAN PROVIDED FOR IN THE ADMINISTRATION-BACKED LOWER HOUSE BILL. A PARTICULARLY CONTENTIOUS PROVISION REQUIRES A RE-ESTABLISHED POLITICAL PARTY TO NOMINATE A CANDIDATE FOR THE 1975 PRESIDENTIAL ELECTIONS.

WE UNDERSTAND THAT THE PRESS BILL WILL NOT BE ACTED UPON BY THE SENATE UNTIL AFTER THE TET HOLIDAYS.

F. GOVERNMENT/PRESS CONTROVERSY REAPPEARS

FRICTION BETWEEN THE GOVERNMENT AND THE PRESS STARTED TO HEAT UP AGAIN THIS WEEK FOR THE FIRST TIME SINCE THE APPOINTMENT OF DR HO VAN CHAM AS ACTING MINISTER OF INFORMATION AND OPEN-ARMS IN LATE NOV. RIGHT AFTER THE FIRST TWO CONFISCATIONS OF THE MONTH (JAN 11), DR CHAM EXPLAINED TO A LOCAL CIVIC GROUP THAT HE SEES HIS ROLE AS ACTING MINISTER AS A BUFFER, MEDIATING BETWEEN THE GOVERNMENT AND THE PRESS. WHILE HE IMPLIED THAT HE PERSONALLY FAVORED EXPANDED PRESS FREEDOM, HE ALSO EMPHASIZED THAT FUNDAMENTAL POLICY CHANGES WOULD HAVE TO AWAIT THE APPOINTMENT OF A PERMANENT MINISTER. SIMILARLY, REVISION OF THE PRESS CODE IS ON THE BACK BURNER AS THE SPECIAL SESSION OF THE SENATE DEVOTES ITS ATTENTION EXCLUSIVELY TO AMENDING THE POLITICAL PARTIES LAW.

CONFIDENTIAL

PAGE 04 SAIGON 00820 02 OF 03 221404Z

MENT OF A PERMANENT MINSTER. SIMILARLY, REVISION OF THE PRESS CODE IS ON THE BACK BURNER AS THE SPECIAL SESSION OF THE SENATE DEVOTES ITS ATTENTION EXCLUSIVELY TO AMENDING THE POLITICAL PARTIES LAW.

THE VIETNAMESE PUBLISHER'S ASSOCIATION PUBLICLY REACTED TO THE JAN 11 CONFISCATIONS WITH AN ASSESSMENT THAT WHILE PERSONNEL HAD CHANGED, POLICY WOULD REMAIN THE SAME. MOREOVER, THEY PREDICTED, THE GOVERNMENT WOULD USE PHUOC LONG AS AN EXCUSE TO CLAMP DOWN ON THE PRESS. WHETHER BY CHANGE,

OR PURPOSEFUL PROVOCATION, FIVE DIFFERENT PAPERS THIS WEEK HAVE INCURRED A TOTAL OF SEVEN CONFISCATIONS, BRING THE TOTAL FOR THE MONTH TO NINE, STILL FAR BELOW THE LEVELS OF 26-33 AT THE HEIGHT OF THE PRESS FREEDOM CAMPAIGN. ALTHOUGH THE ACTUAL CAUSES FOR CONFISCATION ARE NOT ALWAYS CLEAR, THE OFFENDING ISSUES HAD PROMINANTLY FEATURED ARTICLES ON :

(1) ALLEGED DIFFERENCES BETWEEN THE US AND THE VATICAN OVER A SUCCESSOR TO THIEU; (2) THE VIEWS OF OPPOSITION DEPUTIES ON A POSSIBLE COALITION GOVERNMENT; (3) REPORTS THAT NVA TANKS ARE INVULNERABLE TO US SUPPLIED LAWS; (4) DETERIORATING MILITARY SECURITY IN THE DELTA; AND (5) MAPS SHOWING LANDS HOMESTEADED BY MME THIEU, ALLEGEDLY IN VIOLATION OF THE CONSTITUTION.

THE PUBLISHER'S ASSOCIATION TODAY PREDICTABLY DENOUNCED DR CHAM AS TRYING TO LULL THE PRESS WITH ONE HAND WHILE SUPPRESSING THEM WITH THE OTHER; THEY REASSERTED THEIR LONG-STANDING DEMAND FOR "ABOLITION OF THE PRESENT UNDEMOCRATIC PRESS LAW"

II. EXTERNAL

A. "PRG" OPENS OFFICE IN GENEVA

SWISS GOVERNMENT ANNOUNCED JAN 15 THAT IT WAS PERMITTING THE "PRG" TO OPEN IN GENEVA A "LIAISON OFFICE FOR HUMANITARIAN QUESTIONS ACCREDITED TO THE OFFICE OF THE UNITED NATIONS AT GENEVA". ANNOUNCEMENT MADE CLEAR ACTION WAS TAKEN AT REQUEST OF UN, THAT OFFICE WOULD HAVE A LIMITED STATUS, AND THAT ESTABLISHMENT OF OFFICE DID NOT IMPLY SWISS RECOGNITION OF "PRG"

CONFIDENTIAL

CONFIDENTIAL

PAGE 05 SAIGON 00820 02 OF 03 221404Z

A GVN STATEMENT OF PORTEST MADE PUBLIC JAN 16 EMPHASIZED THAT NEW OFFICE HAD STATUS INFERIOR TO GVN DIPLOMATIC AGENCIES IN BERN AND GENEVA, AND THAT GVN WOULD EXPECT UN AND GOS TO TAKE APPROPRIATE ACTION IN LIKELY CASE THAT "PRG" WERE TO EXPLOIT OFFICE FOR POLITICAL PROPAGANDA. STATEMENT ALSO REGRETTED SWISS DECISION IN LIGHT CURRENT COMMUNIST ESCALATION OF FIGHTING IN CONFLICT WITH PARIS AGREEMENT AND HUMANITARIAN PRINCIPLES.

COMMENT: ESTABLISHMENT OF THIS OFFICE IS AN UNFORTUNATE DIPLOMATIC SETBACK FOR GVN WHICH SO FAR HAS BEEN SUCCESSFUL IN PREVENTING "PRG" FROM PARTICIPATING IN SIGNIFICANT INTERNATIONAL GATHERINGS. THIS MOVE WILL PROBABLY INCREASE PRESURE FOR ADMISSION OF "PRG" TO SECOND SESSION OF THE LOW CONFERENCE OPENING IN GENEVA FEB 3.

B. GVN ISSUES FURTHER NOTE ON PHUOC LONG SITUATION

GVN JAN 18 MADE PUBLIC A FURTHER NOTE DATED JAN 16 TO
PARTIES TO ACTO F INTERNATIONAL CONFERENCE ON VIETNAM
CONCERNING SITUATION RESULTING FROM NVA SEIZURE OF PHUOC LONG
PROVINCE.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 SAIGON 00820 03 OF 03 221421Z

42

ACTION EA-10

INFO OCT-01 AID-05 EB-07 PM-03 INR-07 IO-10 L-02 NSAE-00

NSC-05 PA-01 RSC-01 DPW-01 PRS-01 OMB-01 SS-15 ISO-00

SSO-00 INRE-00 /070 W

----- 123568

O R 221100Z JAN 75 ZFF4

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 2092

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

USDEL JEC PARIS

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA/ATCS-WL-DSA

CINCPAC/POLAD

CINCPACAF

CINCPACFLT

CINCUSARPAC

DEPCHIEF JUSMAAG UDORN

USDAO/SAIGON

AMEMBASSY LONDON
AMEMBASSY BUDAPEST
AMEMBASSY CANBERRA
AMEMBASSY MANILA
AMEMBASSY MOSCOW
AMEMBASSY PHNOM PENH
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SAIGON 00820 03 OF 03 221421Z

AMEMBASSY STOCKHOLM
AMEMBASSY VIENTIANE
AMEMBASSY WARSAW
AMEMBASSY WELLINGTON
AMEMBASSY COTONOU

C O N F I D E N T I A L SECTION 3 OF 3 SAIGON 0820

DEPARTMENT PASS IMMEDIATE IBS/NCA

NOTE EMPHASIZED COMMUNIST SIDE WAS NOW MASSIVELY VIOLATING PARIS AGREEMENT AND HAD REJECTED POLITICAL PROCESS ENVISAGED BY AGREEMENT AND WAS SEEKING INSTEAD TO OVERTHROW GVN BY FORCE. NOTE CALLED ON PARTIES TO CONDEMN SEIZURE OF PHUOC LONG, TO URGE COMMUNISTS TO DESIST FROM THEIR VIOLATIONS AND RESUME NEGOTIATIONS, FOR THOSE PARTIES WHICH ASSIST HANOI TO CEASE DOING SO, FOR ALL PARTIES TO JOIN GVN IN REQUESTING A REPORT FROM ICCS ON MILITARY SITUATION IN PHUOC LONG, AND TO CONSULT TOGETHER WITH A VIEW TO DETERMINING OTHER REMEDIAL MEASURES TO COPE WITH COMMUNIST VIOLATIONS.

C. GVN BREAKS DIPLOMATIC RELATIONS WITH GABON

MFA ANNOUNCED JAN 16 THAT GVN HAD DECIDED TO END DIPLOMATIC RELATIONS WITH GABON AND HAD SENT A NOTE TO THIS EFFECT TO GABON JAN 14. SPOKESMAN NOTED THIS ACTION FOLLOWED GABON'S RECENT ESTABLISHMENT OF DIPLOMATIC RELATIONS WITH "SO-CALLED NLF". COMMENT: GVN HAD TRIED TO MAINTAIN CONTACT WITH GABON THROUGH HIGH-LEVEL VISITS AND NATIONAL DAY GREETINGS IN SPITE OF GABON'S EARLIER SOMEWHAT VAGUE RECOGNITION OF "PRG", BUT APPARENTLY GVN FELT IT HAD TO REACT TO GABON'S ANNOUNCEMENT JAN 11 OF ESTABLISHMENT OF DIPLOMATIC RELATIONS WITH "PRG".

D. ROC VICE PREMIER VISITS

ROC VICE PREMIER HSU CHING CHUNG LEFT SAIGON JAN 20 AFTER A SIX-DAY VISIT WHICH INCLUDED A CALL ON PRESIDENT THIEU AND EXTENSIVE TRAVEL OUTSIDE SAIGON. ON HIS DEPARTURE THE VICE PREMIER EXPRESSED HIS ADMIRATION FOR THE VALIANT STRUGGLE OF THE RVN UNDER PRESIDENT THIEU AND EXPRESSED THE HOPE THAT
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 SAIGON 00820 03 OF 03 221421Z

TWO NATIONS COULD INCREASE ECONOMIC COOPERATION SO AS TO
STAND TOGETHER IN THE ANTI-COMMUNIST FIGHT AND
NATIONAL RECONSTRUCTION.

END CONFIDENTIAL

BEGIN UNCLASSIFIED

III. ECONOMIC

A. DR HAO TOURS BLACK MARKET

DEPUTY PRIME MINISTER FOR ECONOMIC DEVELOPMENT NGUYEN VAN HAO
TOURED SEVERAL BLACK MARKETS AROUND TOWN SPECIALIZING IN SALES OF
SMUGGLED COMMODITIES. HAO, WHO HAS VOWED TO ELIMINATE SUCH ACTIVITIES
,
WANTED TO GET A FIRST HAND VIEW OF THE SITUATION AND TALK WITH VENDOR
S.
HE WAS ACCOMPANIED BY TRADE AND SUPPLY MINISTER NGUYEN VAN DIEP AND
SAIGON MAYOR BRIGADIER GENERAL DO KIEN NHIEU.

HAO TOLD THE VENDORS THAT HE WOULD ALLOW THEM TO CONTINUE
SELLING SMUGGLED GOODS THROUGH THE LUNAR NEW YEAR HOLIDAY. AFTER
THAT, HE SAID THE GOVERNMENT WOULD TAKE STRONG MEASURES TO COUNTER
SMUGGLING ACTIVITIES AND SALES OF CONTRABAND.

B. TWO MORE FIRMS JOIN EXPORT PROCESSING ZONE (EPZ)

TWO FOREIGN COMPANIES SPECIALIZING IN READY-TO-WEAR CLOTHING
HAVE JOINED VIET NAM'S NEW EXPORT PROCESSING ZONE LOCATED ON THE OUT-
SKIRTS OF SAIGON. BRITISH, US, HONGKONG AND JAPANESE INTERESTS ARE
FUNDING ONE OF THE COMPANIES WHILE HONG KONG, TAIWAN AND VIETNAMESE
INVESTORS ARE BEHIND THE OTHER. THE TOTAL INVESTMENT FOR BOTH
COMPANIES WILL BE ABOUT US\$1MILLION. TOGETHER THEY EXPECT TO EMPLOY
OVER 1,000 WORKERS AND EVENTUALLY EARN ABOUT US\$7MILLION IN EXPORTS
A YEAR.

MORE THAN A HALF DOZEN COMPANIES HAVE STARTED PRODUCTION OR
BEEN APPROVED FOR OPERATION SINCE THE EPZ OPENED LATE LAST YEAR.
THE EPZ SHOULD BEGIN TO YIELD SOME NET RETURN IN FOREIGN EXCHANGE
THIS YEAR. BY THE TIME IT IS FULLY OPERATIONAL IN ANOTHER YEAR OR SO,
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 SAIGON 00820 03 OF 03 221421Z

IT COULD BECOME A MAJOR SOURCE OF EXPORT EARNINGS FOR VIETNAM.

C. FIRST EXCHANGE RATE MOVE OF 1975

EFFECTIVE JANUARY 21, THE OFFICIAL EXCHANGE RATE MOVED FROM VN\$685/US\$1 TO VN\$700/US\$1--A 2.2 PERCENT DEVALUATION. THE ADJUSTMENT WAS THE FIRST OF 1975. THE MOST RECENT PREVIOUS DEVALUATION CAME IN EARLY DECEMBER, SHORTLY AFTER DEPUTY PRIME MINISTER FOR ECONOMIC DEVELOPMENT NGUYEN VAN HAO TOOK OFFICE. CIP LICENSED COMMODITIES WILL CONTINUE TO ENJOY A VN\$60/US\$1 REBATE.

D. PRICES STABLE

USAID'S CONSUMER PRICE INDEX FOR SAIGON WAS UP ONLY 0.1 PERCENT AS OF JANUARY 20. THE FOOD INDEX ROSE 0.2 PERCENT. SUGAR, NUOC NAM AND SALTED FISH WERE UP. RICE PRICES WERE UNCHANGED WHILE VEGETABLES CONTINUED TO FALL SHARPLY. THE NON-FOOD INDEX SLIPPED 0.1 PERCENT.

SO FAR DURING THE CHRISTMAS/TET HOLIDAY SEASON, PRICES HAVE BEEN REMARKABLY STABLE. FROM THE END OF NOVEMBER TO DATE, THE OVERALL INDEX HAS RISEN ONLY 2.6 PERCENT, WHEREAS IN PREVIOUS YEARS, THE RATE OF PRICE INCREASE HAD NORMALLY BEEN TWO OR THREE TIMES THAT AMOUNT. EVEN COMMODITIES SUCH AS APPAREL, WHICH ARE NORMALLY IN GREAT DEMAND AT THIS TIME OF YEAR, HAVE BEEN STABLE IN PRICE. PRICES FOR TAILORING SERVICES, FOR INSTANCE, HAVE BEEN UNCHANGED. THIS PERFORMANCE REFLECTS SLACK MARKET DEMAND CONDITIONS WHICH HAVE PREVAILED FOR MORE THAN A YEAR.

D. GOLD PRICES DIP

FOLLOWING THE TREND IN HONG KONG, GOLD RATES IN SAIGON DECLINED ALMOST US\$10 DURING THE WEEK ENDING JANUARY 20. COMPUTED AT THE BLACK MARKET DOLLAR RATE, GOLD SOLD FOR US\$170.64 PER OUNCE OR ABOUT \$2.20 ABOVE THE HONG KONG RATE. BLACK MARKET DOLLARS DECLINED TO VN\$802/US\$1 FROM VN\$805/US\$1 A WEEK AGO.

MARTIN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLITICAL SUMMARIES
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SAIGON00820
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750024-0082
From: SAIGON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750130/aaaabado.tel
Line Count: 582
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 11
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 13 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 MAY 2003 by BoyleJA>; APPROVED <18 AUG 2003 by GarlanWA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EMBASSY SAIGON'S MISSION WEEKLY JANUARY 16-22, 1974 WEEKA ITEMS
TAGS: PINR, PINS, PINT, VS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006